

COMMUNITY ECONOMIC DEVELOPMENT: RESOURCES FOR CED PROJECTS



Division of Community Discretionary Programs
Office of Community Services

May 8, 2014

Agenda & Introductions



Pamela Foster
President
Results Unlimited, LLC



Brenda McDaniel
Executive Vice President & Chief Financial Officer
Kentucky Highlands Investment Corporation

Resources for CED Projects



**OCS WEBINAR
MAY 8, 2014**

Project Assessment

4

Identify Financial Needs

- Purpose of funding
- Level of funding
- Grant vs Loan

Potential Funding Partners

5

- Financial Institutions

1. Banks
2. Credit Unions
3. CDFIs

Potential Funding Partners

6

- Foundations
 - 1. Private
 - 2. Community
 - 3. Corporate

Potential Funding Partners

7

- United Way
- City, State, Federal

Grant vs. Loan

8

Grant

- Funding Mission
- Terms

Loan

- Criteria
- Terms

Provide details on various funding scenarios

- How to approach
- Things to consider
- Questions to ask

Food for Thought

10



Lessons Learned for CED Projects

Brenda McDaniel, Executive Vice President
Kentucky Highlands Investment Corporation

May 8, 2014

Kentucky Highlands Investment Corporation

- KHIC was founded in 1968 to serve rural southeastern Kentucky through a mission of business development and job creation for low-income people.
- Invests in both start-up and growing companies and nurtures their growth with ongoing technical assistance.
- More than 19,000 jobs created, predominantly filled by low-income individuals.
- Most recent OCS grants have been structured as a single loan for non-construction business expansion projects.

OCS Application Process

- Select a project that is ready to go and will effectively meet OCS criteria. i.e. Jobs for low-income individuals in appropriate time frame.
- Choose a project that has obtained other financial partners
- Understand OCS reporting requirements and make sure the company has adequate capacity to handle these requirements.
- Select referral partners that will ensure the hiring of low-income employees.
- Referral partners are:
 - State Employment Services
 - TANF and Child Support Offices
 - Career and Job Training Services
- Plan for the loan closing during the application process, including a signed Project Partner and Loan Agreement.

Prior to Drawing OCS Funds

- Visit with the company to discuss loan requirements and conduct training on OCS reporting and referral partners.
- Provide company with a survey for *all* employees hired during the grant period to complete.
- Provide a spreadsheet for the company to track all of the new jobs created separate from the employees hired.
- Inform referral partners of OCS award and to start referral process.

Tracking Spreadsheet Example:

KENTUCKY HIGHLANDS INVESTMENT CORPORATION - FY13 OCS

Data Report for Job Creation and Low-Income Individuals

Prep for SF-PPR Form A

REPORTING PERIOD:

					FULL-TIME JOB CREATION		EMPLOYEES HIRED		
Employee Name	Start Date	End Date or End Date in Position (if applicable)	Job Title	New PT Job Created "1" or Existing PT Job Filled "0"	New FT Job Created "1" or Existing FT Job Filled "0"	FT Positions with Benefits "1 "	Starting Hourly Earnings \$	Most Recent Hourly Earnings To Date \$	Promotion (New Job Title)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
			TOTAL						
			PPR Form A						
			Low Income & Full-Time Totals Only						
			Part Time Positions Created & Filled by Low-Income (Form A line A-005 only)		New FT Positions Filled by Low-Income Individuals	FT Positions with Benefits	Average Starting Hourly Earnings	Average Current Hourly Earnings To Date	

Prior to Closing Loan

- Complete any restrictions placed on Federal Funds such as Disposition of Asset Plan of Loan.
- Set up an account with the Payment Management System.
- Make sure all financial procedures are in place, including a separate general ledger fund.

Closing the Loan

- Draw down the awarded OCS grant funds allocated to the loan.
- Close the loan within 3 days by having the company sign all necessary documents.
- Reiterate all of the loan and reporting requirements to the company.
- Send a copy of executed loan documents to OCS.
- Record all principal and interest payments to a restricted fund throughout the grant period.

Reporting

- Encourage the company to provide monthly submissions of the eligibility surveys and updated tracking spreadsheets.
- KHIC incorporates the low-income eligibility information into the tracking spreadsheets and adds additional columns to measure data required for the semi-annual Performance Progress Reports (PPR) to OCS (e.g., positions created filled by low-income individuals, created at least 6 months ago, etc.).
- Each employee hired does ***not*** necessarily mean a new position was created.

General Suggestions

- Know the benchmarks needed to be reached.
- If falling behind, make changes to the current plan.
- Request Technical Assistance for help with the project if needed.
- When questions arise, be sure to ask for assistance from OCS.

Leveraging CED and Non-CED Funding

- Not all CED projects require outside funding
- When incorporating CED and non-CED funding, consider:
 - CED funds mitigate the risk to outside funders
 - Unconditional external funding commitments strengthen application
- Demonstrate in your application that all CED and non-CED funding works together and is consistent with proposed project activities

Evidence of Non-CED Funding

- Evidence that all capital requirements met through:
 - Commitment letters
 - Financing is unconditional
 - Signed and dated
 - Financial statement of non-CED cash available
 - Documentation of in-kind contributions of personal property
- Show that future program income is not necessary for completion of the project

Questions

